



**U.S. Department of Justice**

*United States Attorney  
District of New Hampshire*

---

*Federal Building  
55 Pleasant Street, Room 352  
Concord, New Hampshire 03301*

*603/225-1552*

**MEDIA RELEASE**

**For Immediate Release  
Monday, July 21, 2003**

**Contact: Thomas P. Colantuono  
United States Attorney  
William E. Morse  
Assistant U.S. Attorney  
(603) 225-1552**

**SEACOAST MAN SENTENCED FOR EMBEZZLING OVER \$1.6 MILLION**

**CONCORD, NEW HAMPSHIRE** – U.S. Attorney Tom Colantuono announced that United States District Judge Paul J. Barbadoro sentenced Seacoast resident Ross E. Perry to forty-six months in jail for embezzling more than \$1.6 million from his church and for a variety of federal income tax offenses. Perry previously had pleaded guilty to embezzling \$1,612,690 from the First Church of Christ Scientists of Portsmouth, New Hampshire, between 1996 and 2002, while he served as the church's treasurer. Perry also had previously pleaded guilty to six counts of federal income tax evasion and one count of failing to file employer tax returns on behalf of his Seabrook, New Hampshire, wastewater treatment equipment company, Compliance Systems, Inc. ("CSI"). Perry was the president and principal beneficial shareholder of CSI. Perry, age 43, resides on Post Road, in Greenland, New Hampshire.

In connection with his earlier guilty plea, Perry admitted to misappropriating \$1,612,690 from the bank and brokerage accounts of the church. Perry was a member, and since 1995 the treasurer, of the church until his embezzlement scheme was discovered last year. In pleading guilty, Perry acknowledged that he misappropriated the funds from the church by drawing checks against the church's bank account payable to himself and using funds drawn from the church's bank account to purchase bank treasurer's checks payable to himself, CSI or creditors of CSI. Perry kept the church's bank accounts funded by liquidating securities and mutual fund holdings in the church's investment account. Perry admitted that he concealed the misappropriations by providing the church's board of directors false financial statements that overstated the values of the church's investment holdings. Perry's scheme continued until there was less than one hundred dollars left in the church's accounts.

In connection with his plea, Perry also admitted to evading personal federal income taxes for tax years 1996 through 2001. Perry acknowledged that for each of those tax years he failed to file federal income tax returns even though he had received substantial wages and substantial additional income from his embezzlement from the church. In addition, Perry admitted that, after the IRS began its criminal investigation, he also made affirmative false written and oral statements to the Internal Revenue Service, which substantially understated his income for the charged tax years. The

government alleges that, through his actions, Perry thereby illegally evaded more than \$568,000 in personal federal income taxes. Finally, Perry admitted that he illegally failed to file employment tax returns for CSI, which, according to the government's allegations, resulted in CSI's failure to pay approximately \$468,000 it owed to the IRS, including more than \$330,000 in federal income, Social Security and Medicare taxes that it had withheld from the paychecks of its employees.

In addition to the forty-six month jail term, Judge Barbadoro ordered that, upon his release from jail, Perry will be supervised by the court for a period of three years. Judge Barbadoro also ordered Perry to make restitution to the church and to resolve any tax issues with the IRS. In imposing the sentence, Judge Barbadoro noted that this case was different from the typical embezzlement scheme because it also involved Perry's failure to submit to the IRS funds that had been withheld from the paychecks of CSI's employees.

U.S. Attorney Colantuono stated: "This prosecution reflects this office's commitment to use every tool available in the federal law enforcement arsenal to forcefully prosecute white collar crime." Joseph Galasso, Special Agent in Charge of IRS Criminal Investigation in Boston stated: "This is a prime example of what can be accomplished when local, state and federal authorities pool their crime fighting resources."

The investigation was jointly conducted by the Portsmouth Police Department, the Federal Bureau of Investigation and the Internal Revenue Service's office of Criminal Investigation. The case is being prosecuted by Assistant U.S. Attorney Bill Morse.